Interagency Performance Evaluation Task Force (IPET)

Consequence Assessment
Economic Impact: Applied Models

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Katrina\IPET – Consequence Analysis Economic Impact Analysis

Objective

- Determine the economic consequences from inundation due to Hurricane katrina:
  - Characterize the economic resources condition before Katrina
  - Quantify and describe
    - Effects of Katrina as it occurred and was observed
    - Effects of Katrina without catastrophic failures of flood protection measures

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General Interim Finding

- The economic consequences of levee or floodwall failure have been catastrophic resulting in significant displacement of population, workforce, and business activity that will require a period for significant recovery measured in years (three to five years or more).

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- Issues for Analysis
  - Geographical Area of Concern
  - Level of Detail
  - Timeframe for Availability of Data
    - (primarily for estimation of direct impacts)
  - Availability & Applicability of Impact Models
    - (primarily for estimation of indirect and induced impacts)

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- Geographical Area(s) of Concern
  - Direct Impact(s)
    - Estimation of direct impacts limited to the five (5) parish area of:
      - Jefferson Parish
      - Orleans Parish
      - Plaquemines Parish
      - St. Bernard
      - St. Charles Parish

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- Geographical Area(s) of Concern
  - Primary Estimation of Indirect Impacts
    - Includes the following areas:
      - 13 Most most significantly impacted parishes within the coastal region of the state of Louisiana (*inclusive of the primary five parishes listed for evaluation of direct impacts*)
      - 12 most significantly impacted counties of coastal Mississippi
      - 5 most significantly impacted counties of coastal Alabama

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- Availability & Applicability of Impact Models
  - Models proposed for application
    - IMPLAN (Impact Planning & Analysis)
    - MRVIO (Multi-Regional Variable Input\Output)
    - RIMS II (Bureau of Economic Analysis)
    - MARAD Portkit (Maritime Administration)
    - EIFS (Economic Impact Forecast System)
    - REMI (Regional Economic Models, Inc.)

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- Availability & Applicability of Impact Models
  - Finding & significant concerns…….
  - Due to the significant and far-reaching impact of Katrina regarding displacement of population and workforce, and disruption of business activities no readily available impact model is considered fully and directly applicable in the ideal context (of underlying assumptions)……..

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- Applied Model:
  - REMI; best fulfills need in the immediate term for purposes of IPET (best accommodates changes in workforce & productive capital base
  - Long-term Application(s) [I.e., studies for Hurricane Category 5 protection of New Orleans]; Development of Adjustable MRVIO model